

DISCLAIMER

This electronic version of an SCC order is for informational purposes only and is not an official document of the Commission. An official copy may be obtained from the [Clerk of the Commission, Document Control Center](#).

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MAY 10, 1999

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

Ex Parte: Investigation of the
termination of local exchange
for failure to pay for long
distance services

CASE NO. PUC970113

ORDER ON RECONSIDERATION

On February 26, 1999, the Commission issued its Final Order in its investigation of the termination of local exchange services for failure to pay long distance services. In that order, the Commission denied MCI WorldCom's motion to investigate "cramming" and "slamming" and ordered proposed rules to become effective on July 1, 1999, as modified and restated in Attachment A to that order.

On March 17, 1999, the Virginia Telecommunications Industry Association ("VTIA") filed its Petition for Reconsideration of the Commission's Final Order of February 26, 1999. On March 17, 1999, Central Telephone Company of Virginia and United Telephone-Southeast, Inc. ("Sprint") filed their Joint Petition for Reconsideration and Clarification. On March 18, 1999, AT&T Communications of Virginia, Inc. ("AT&T") also filed a Petition for Reconsideration. On March 19, 1999, the Commission issued

an Order Granting the Petitions for Reconsideration, and invited all parties to respond to the issues raised in the petitions.

On March 23, 1999, VTIA filed affidavits from several of its members. On March 29, 1999, Joseph S. Terrell, Sr., filed a letter on behalf of John Grier Construction Company. On April 2, 1999, Sprint, Cox Virginia Telecom, Inc. ("Cox"), and AT&T filed comments on the Petitions for Reconsideration.

VTIA, Sprint, Cox, and AT&T commented on the hardship their companies would face if made to comply with the July 1, 1999, implementation date of the Commission's order. These parties expressed concern over the amount of time required to make significant software and billing revisions in addition to fulfilling Y2K compliance obligations. Several of the parties requested that the Commission extend the effective date of the rules by approximately 12 months. We find some of the parties' arguments concerning their inability to comply with the rules by July 1, 1999, to be persuasive. We do not, however, believe it is necessary to delay implementation of these rules for a full year. We therefore order all local exchange companies ("LECs") to comply with the rules, as amended herein, by October 1, 1999.

VTIA raised an issue in its Petition regarding the requirement to separate customer partial payments into three pots for crediting unpaid balances. VTIA suggested that the Commission combine the first two pots (basic local exchange

access and usage, and other LEC non-competitive tariffed services) into a single pot. We agree with VTIA that only two pots are necessary for crediting unpaid balances in light of Rules A and B, and we will change Rule E to read as follows: "Customer payments that are less than the total bill balance shall be credited first to non-competitive tariffed services, with any remainder credited to any other charges on the bill." However, the Commission does have concerns about customers that may still be unable to obtain basic local exchange service only because they are unable to pay for other non-competitive services provided and billed by the LEC. We recognize that such circumstances for disconnection of basic service will exist under these new rules, and we encourage all LECs to adopt reasonable and flexible delinquent payment arrangements in order to avoid customer disconnection.

In addition, the Commission believes that the effectiveness of these new rules should be monitored. In order to do so, we require the four largest incumbent local exchange carriers ("ILECs"), Bell Atlantic-Virginia, Inc., GTE South, Inc., United Telephone - Southeast, Inc. and Central Telephone - Southeast, Inc., each to file an annual report with the Division of Communications ("Staff") on the number of disconnection for non-payment notices and actual disconnections of service for nonpayment. This information should be summarized for business

and residential customers. The Commission also directs the companies to identify the number or percentage of these customers who subscribed to services in addition to basic local exchange service. We recommend that the companies work with the Staff to determine how this information can be made available prospectively. These companies should file a disconnection report on October 1, 1999, for the most recent 12-month period available in order to establish a baseline. Subsequent reports should be filed by year-end, December 31, and should account for the 12-month period from October 1, to September 30. These reports will be required until December 31, 2001, unless otherwise ordered by the Commission.

Sprint requested that the Commission clarify Rule C to indicate the effective date for the requirement that this information be included in White Pages directory listings. We recognize the practical impossibility of including information in directories that have already been sent to printers, and we therefore amend Rule C to state as follows: "LEC White Pages telephone directories published **more than 60 days** after the date of the order . . . ". All directories published more than 60 days after this Order and before October 1, 1999, shall contain language stating that the effective date of the new rules is October 1, 1999.

We also note two clarifications to other rules. First, Rule A should be amended to state as follows: "A Local Exchange Company ("LEC") may terminate local exchange service only for a customer's failure to pay for **non-competitive** services billed on behalf of the LEC when the services are in tariffs . . . ". Also, in order to provide for additional flexibility, Rule B should be amended to state as follows: "LECs shall indicate on customers' monthly bills **either** those items for which service may ~~not~~ be terminated **or those items for which service may not be terminated** for failure to pay, and shall include an explanation, by footnote or otherwise, that local telephone service may not be terminated for failure to pay for **certain** services. The form of this notification must receive prior approval from the Commission's Division of Communications."

Finally, we address one comment raised by Sprint concerning whether the rules apply to competitive local exchange carriers ("CLECs"). The rules apply to both ILECs and CLECs.

All other requests made by the parties, including those relating to global toll blocking, billing disclosure requirements, and requests for exceptions to allow disconnection in particular circumstances, are hereby denied.

In all other respects, the findings in our Final Order of February 26, 1999, shall remain in full force and effect.

NOW THE COMMISSION, having considered the matter, is of the opinion that our Order of February 26, 1999, should be amended to include the above-mentioned changes in the rules, as modified and restated in Attachment A hereto. Accordingly,

IT IS ORDERED THAT:

(1) The proposed rules as modified and restated in Attachment A hereto, are hereby adopted and shall become effective on October 1, 1999.

(2) The rules as adopted shall be published in the Virginia Register.

(3) All other provisions of our February 26, 1999, Order shall remain in full force and effect.

(4) There being nothing further to come before the Commission, this matter is dismissed and the record developed herein shall be placed in the file for ended causes.

20 VAC 5-400-151. Disconnect of Local Exchange Telephone Service.

A. [A] Local Exchange Company ("LEC") may terminate local exchange service only for a customer's failure to pay for [non-competitive] services billed on behalf of the LEC when the services are in tariffs on file with the Virginia Commission and there is no bona fide dispute concerning such services. After intraLATA dialing parity has been implemented, a LEC may not terminate local exchange service for a customer's failure to pay for the LEC's intraLATA toll services.

B. LECs shall indicate on customers' monthly bills [either] those items for which service may ~~not~~ be terminated [or those items for which service may not be terminated] for failure to pay and shall include an explanation, by footnote or otherwise, that local telephone service may not be terminated for failure to pay for [these certain] services. The form of this notification must receive prior approval from the Commission's Division of Communications.

C. LEC White Pages telephone directories published [more than 60 days] after the date of the order adopting these rules shall include an explanation of the services for which local exchange service may be terminated for failure to pay.

20 VAC 5-400-151. Disconnect of Local Exchange Telephone Service.

D. ~~LECs may not block a customer's access to all IXCs for that customer's failure to pay toll charges of an IXC. A LEC billing on behalf of an interexchange carrier may, together with the interexchange carrier, block a customer's access to the interexchange carrier when the toll charges of the interexchange carrier have not been paid by that customer; but the LEC may not block that customer's access to other interexchange carriers for such nonpayment.~~

E. Customer payments that are less than the total bill balance shall be credited first to [~~basic local exchange access and usage, with any remainder credited next to~~] any [~~other LEC~~] non-competitive tariffed services, [~~and finally with any remainder credited~~] to any other charges on the bill.